



Focus on Referendum 38

Water Resources Program

Background

In 1980, voters approved Referendum 38, known as the Water Supply Facilities – 1980 Bond Issue. The law, Chapter 43.99E of the Revised Code of Washington, is designed to provide financial assistance to public bodies that manage water such as irrigation districts and public water supply systems.

The referendum authorized the State Finance Committee to issue \$125 million in bonds — \$75 million for public water supply systems and \$50 million for agricultural water supply facilities-- either alone or in combination with fishery, recreational or other beneficial uses of water. The Department of Ecology (Ecology) is responsible for administering the \$50 million in bond funding for agricultural water supply facilities.

Agricultural water supply facilities

The state Agricultural Water Supply Facilities rule, Chapter 173-170 WAC was adopted in 1990 to implement the law. Since that time competing demands on state water supplies have made it more difficult to obtain water for agricultural purposes. As a result, irrigation districts have sought to improve the efficiency of their irrigation systems. The water conserved provides multiple benefits for farming operations as well as the potential to increase flows in streams to help support healthy fish populations. In 2003, Ecology made several changes to the existing rule that provide additional flexibility for making efficient and timely use of the remaining Referendum 38 funds for irrigation efficiency projects.

The current status of Referendum 38 funds for agriculture

Spent	\$27,428,839
Obligated under contract or formally committed	\$14,764,639
Remaining bond capacity	\$7,806,522

How the grant funds are used

Ecology provides grants and loans to public irrigation districts to help them repair or improve existing agricultural water conveyance facilities such as ditches, pipes and other irrigation systems. For example, the East Columbia Basin Irrigation District began participating in the Referendum 38 program in 1986. From 1986 to 2002, the District completed dozens of pipeline and canal lining projects whose major purpose was water conservation. The District estimates that since 1986 the combination of all these conservation projects is reducing seepage losses by a total of 14,000 to 17,000 acre feet per year, making this saved water available for other uses.

The grant application process and funding cycle

The process and criteria for grant applications is described in Agricultural Water Supply Facilities rule, Chapter 173-170 WAC. The application period is annually from November 1 through the end of the following February.



Future use and commitments of remaining funds

The Yakima River Basin Water Enhancement Project

The 1994 federal Yakima River Basin Water Enhancement Project (YRBWEP) Act authorized a 100 million dollar water conservation grant program. Seven participating Yakima basin irrigation districts have received water conservation planning and feasibility grants since 1995. It is designed to increase and enhance stream flows in the Yakima River and its tributaries to benefit fish and wildlife and to improve the reliability of irrigation water supply to Yakima Valley irrigators. The project's water conservation implementation grants are funded by the state through Referendum 38 (17.5%), the U.S. Bureau of Reclamation (65%), and the participating irrigation districts (17.5%).

YRBWEP and adjudication: Quantification of surface water rights through the Yakima River Basin Adjudication will enable the U.S. Bureau of Reclamation and Ecology to be better equipped to make water allocation decisions, put water back into the streams, and to determine the need for further storage in the Yakima River Project.

The Sunnyside Division Facilities Rehabilitation Project

The Sunnyside Division consists of Sunnyside Valley Irrigation District and a number of other smaller irrigation districts in the lower Yakima Valley. Conservation projects carried out by the Division are funded by YRBWEP grants and use state Referendum 38 funds.

Sunnyside Division and adjudication: Part of the Yakima River Basin water-right adjudication process was the Sunnyside Division's settlement of their water rights in 2003. It was a win-win situation for the United States, the Yakama Nation, the State of Washington, and the Sunnyside Division water users. It allowed for conservation efforts by the Division using money from YRBWEP (Yakima Enhancement Federal Funds, Referendum 38 funding, and Sunnyside Division funding) to implement their planned canal automation and construction of three re-regulation reservoirs.

The terms of the settlement are to reduce the Division's annual diversions by a minimum of 54 cubic feet per second (19,450 acre-feet per year) by no later than December 31, 2016. The Division will keep one-third of the water saved through the rehabilitation project while two-thirds will remain in the river as increased instream flows for fish. Included is an agreement by the parties to work cooperatively in planning, funding, and implementing additional water conservation measures (Phase II) in the future.

Sunnyside Division Facilities Rehabilitation Project	
State share (17.5%)	\$ 9,230,000.00
Local share (17.5%)	9,230,000.00
Federal share (65%)	34,285,000.00
Project total	\$52,745,000.00

The State's obligation made to the Sunnyside Division Facilities Rehabilitation will require the remaining uncommitted bond authority from the Referendum 38 over the next 8 years to fully complete the project.

Additional funding for other uses

This biennium we have \$1.6 million left to commit through the competitive application process. Future needs are estimated at \$5.8 million. Any project already signed that does not use the full amount of the grant money, plus any interest and principal payments on existing loans will be dedicated to meet the future needs until all the funds are used.